

SPEECH OF JOHN N. MC MAHON
DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE
before
AMERICAN SOCIETY OF INDUSTRIAL SECURITY

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CHAIR: ...Our luncheon speaker today was graduated from Holy Cross in 1951 and later that year joined the Central Intelligence Agency, where he was assigned to an overseas assignment. In 1957, he returned for basic training with the U. S. Army. He has worked in many positions in Central Intelligence, and, on January 4, 1982, he was appointed as the agency's Executive Director responsible for the day-to-day management of the CIA. He holds many awards from Central Intelligence. And on June 10th, 1982, he was sworn in as Deputy Director of the Central Intelligence.

It gives me great pleasure, ladies and gentlemen, to introduce Mr. John Mc Mahon.

Mr. Mc Mahon.

[Applause.]

DEPUTY DIRECTOR JOHN MC MAHON: Thank you, Gordon. I would also like to express my appreciation to Salvador Gallo for the tremendous courtesies expressed today. And also to Lou Tisca, not because he was my luncheon partner, but because he said as the lameduck chair of the board, on one ever talks to him. So Lou, we'd like to take this occasion to talk to you.

I also want to thank Chris Crascale for the tremendous arrangements and wonderful logistics that Chris set up today.

I would also say that hopefully, if my pre-planning is correct, Ed Newman will never hear this speech. After a big lunch like this, I'm painfully aware that the only thing worse than giving a speech is to listen to one. So I will hopefully be merciful to all of us.

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I would like to say a bit about what concerns the Central Intelligence Agency today, concerns which you should share not only as citizens of the United States, but also as citizens of the Free World. And I also want to touch upon certain functions which are of direct concern to all of you.

If you look at CIA today, we spend an enormous amount of time, almost the majority of our time, worrying about the Soviet Union. And indeed we should. They're our greatest adversary, and it's a requirement that we stay on top of not only their strategic weapons, how they're deployed, but their R&D programs as well. Over the last two decades, the Soviet have produced either 150 new weapons systems or major modifications to existing ones, and it's important that we not let another decade go by without being sure of what they're up to.

We also have to keep track of the Soviets politically, and obviously there's a posturing going on for the succession there, as well as economically. We have to know, do the Soviets really have oil? Can they pump it, and for how long? And what will a gas pipeline do for them? And what sort of bonanza will it really mean in the out-years?

Of course, against this backdrop of worrying about the Soviets, our attention also is drawn to every corner of the world. Just yesterday, as you well realize, Bashir Gemayel, the President-elect of Lebanon, was assassinated. And what does that do to that trouble-torn country which for years has suffered the rigors of war? And what does it hold next? And what can the U. S. to bring stability to that region?

And much closer to our own shores and our own interests is Central America. We witness the Soviets, with Cuban help, move into Nicaragua, set up a Marxist regime under the Sandinistas there, and finally, in spite of our cries for the last two years, we now are beginning to get support throughout the Western world that realizes that the Sandinistas are not the socialists they claim to be, but really, indeed, Marxist totalitarianists who are anxious to spread their insurgency throughout Salvador, Guatemala, Honduras and elsewhere in Central America.

And we look at Africa, those ore-rich nations struggling for survival, struggling for identity, and attempting to organize themselves in a way that they can deal throughout the world.

We see the lesser developed nations of the world with a half a trillion dollar debt and many of those countries in a very -- in the situation where economic instability is just around the corner. And we well recognize that the Soviets will always seize the opportunity of instability in a nation in order to export their own brand of political being.

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Now against this backdrop of what's going on in the world, it's up to the agency and the intelligence community at large in Washington to try and package the events of the day for our policy-makers, not only so they know what's going on each day, but also so that we can give them some hint of what the future might hold and what options they might have. Our Director, Bill Casey, has been quite unique, in his position as a cabinet official, to be able to anticipate the needs of our policy-makers so that we can get our intelligence out in front of them, where if they don't use it, at least they have to kick it aside in order to do what they want. So we do indeed have a very well informed executive branch.

But equally important, we witness the Congress of the United States becoming a very avid consumer of our product. And indeed they should. It behooves the Congress of the greatest nation in the world to be well informed on all aspects of what's going on throughout the world.

We also, as an intelligence organization, feel the hot breath of Congress as an oversight. You all should take great comfort in the job that Congress is doing in that oversight. It is constructive; it is thorough, and it is very important not only for you as citizens of the United States, but also for those of us in the intelligence business, because the Congress represents the will of the American people to us, the mores of the American people to us, and makes sure that we stay within the limits as so dictated.

It is also a great protection for those of us in the intelligence community, and for our institutions as well, so that years later should any events transpire where people want to look back and say "Why did they do that?," we have the comfort of knowing that we had a lot of company when that decision was being made.

I would like to talk to you beyond the normal problems of intelligence associated with military, political and economic situations in the world, of several insidious activities, one of which should be of major concern to you. And that is terrorism. Terrorism, unfortunately, is a growth industry. It has escalated, and over the last ten years, we have witnessed over 7,500 acts of terrorism involving death or injury to over 12,000 people, and another 8,500 held hostage. It is a threat that knows no limit, except, unfortunately, American citizens are the prime target, and that is growing. And it takes all shapes, from outright indiscriminate bombings, to killing by rifle or gunshot, hijacking, even hoaxes, which brings the threat. And of course it is something that all of you who have personnel throughout the world, including those here in the United States, must stay abreast of the techniques and the mode of operating of terrorists so that

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you can protect the personnel and facilities of your companies.

A second area which may not bear directly on you, but certainly has a dramatic impact, is narcotics. By whatever Kentucky windage you want to place upon the narcotics problem, we estimate that it is about an \$80 billion-a-year business. And it's a business that reaches into every life, every organization and every family. It comes into the United States from Central and South America, from Southeast Asia, and from Southwest Asia. We have \$8 billion worth of heroin smuggled into the United States a year. We have \$32 billion worth of cocaine coming in from Bolivia, Peru and Colombia. And we have another \$26 billion of marijuana. And you can imagine the impact that that has in any society. And it is certainly a high priority requirement of the United States to find out how that goes, how it works, what the traffic lanes are so that our law enforcement organizations can take action to either neutralize those traffic lanes or that, diplomatically, we can put pressures on the countries that grow and export that.

We have counter-efforts, such as eradication, diplomatic. But all we see is that the growth of drugs increases each year. And that is certainly a business which is so attractive, with so much profit that can prevail upon the many failings and frailties of humans in order to get the traffic lanes that are needed. And close off one, and it opens up another.

A function which I'm sure, and I trust, is near and dear to your heart is that of technology transfer. You undoubtedly have heard a great deal of that. It is something that hurts the United States more so than anything else we have known of in recent years. The U. S. and its Western allies traditionally have relied on technological superiority of its weapons to preserve credit counter-force to the quantitative forces of the Soviets and the Warsaw Pact. We now witness that superiority eroding because the Soviets are able to build more sophisticated weaponry with the direct help of Western technology.

More than that, the Soviets have saved billions and billions of dollars and, equally important, years and years of R&D to come up with systems because of Western technology, technology that is acquired not only legally through trade, but also through illegal trade, and now, we find, a great deal of clandestine operation, the typical James Bond clandestine operations that you find in any good espionage organization attempting to acquire state secrets. The Soviets have used science and technology agreements to get unique information. They have arranged through fronts for the illegal purchase of controlled equipment. They have tasked their intelligence services, the KGB and GRU, to get the technology that they want.

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And the KGB and the GRU have spread out throughout the world and have been so successful that there are now several thousand KGB and GRU officers located in the Western world whose sole purpose is to acquire the Western technology. The program is massive. It's well planned and well managed from the highest levels of the Soviet government and Soviet Communist Party. The covers that these personnel take are those of diplomats, journalists, trade officials and businessmen. We find that the Soviets make equal use of the bloc country representatives located throughout the Western world, as well as the United States. We even have companies that are registered, wholly owned by the Soviets and bloc organizations right here in old river city. They've been able to get the plans to the C-5A, to the Sidewinder missile, which they now call the Atoll missile, air-to-air missile, an identical carbon copy. Their AWACS radar, which they have now placed on the IL-76, has all the characteristics of the United States' AWACS radar.

We see Minuteman guidance cropping up in the Soviet Union and know that the bearings in the gyros used in the SS-18, the largest intercontinental ballistic missile, comes from U. S. technology. Their sub-launched ballistic missiles, their MIRVs on their weapon systems are all designs captured right here in the United States.

Sonars and ASW techniques, tank related fire control technology, and even computer technology. There is no technology in the United States that is safe from them. And operating against a business community is fair game, an easy game for a Soviet professional, particularly if those companies are unaware. And the cries that you hear coming out of Washington on technology transfer is to raise the level of awareness so that the companies can take the proper measures to protect not only their secrets, the U. S. secrets, but their proprietary information. And the good security that's necessary to do that can't be promulgated or executed from Washington. It has to start with you. And it has to start with your organizations.

We see the Soviets looking ahead, certainly targeting defense related contractors, but also any firm involved in high or advanced technology. We see them making full use of student exchanges and work done by our universities. They will certainly go after weapons' design and weapons' technology, but they also need right now production equipment as well.

We'll see them going after embargoed goods and equipment that can have any association with military related equipment. We see the company proprietary technology information being targeted, and, of course, any emerging technology from Western government research centers are also of primary interest.

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What can you do about this? One thing I urge you to do is make use of the FBI and the excellent program that that has to help contractors protect themselves from this hostile threat. This program is called DECA, Development of Counter-intelligence Awareness, and is designed to alert company management and security personnel to the threats in their company.

In the intelligence community, we have also met with our colleagues throughout the Western world and made them aware of the problem. It is not a problem of trade. It is a problem of counter-intelligence, because intelligence techniques are being used for the acquisition of this technology.

Industrial security is essential to neutralize the Soviet accomplishments.

As I said, it is not a question of trade. U. S. companies are being robbed. The impact is also two-fold. It not only gives the Soviets advanced technology which they can imply in their programs, but it also forces the United States to move into high cost R&D and defense programs just to stay even with the mirror image it sees of itself in the Soviet produced equipment.

We in the West have to organize better to protect our technology, our technology which exposes itself through the defense industry and through commercial and scientific communities.

The intelligence which the United States can provide on this is extremely helpful. It's extremely helpful to the folks in Washington. But the real payoff starts within the companies and the institutions themselves. And that's why this message is so important for you people to accept, believe and do something about.

The health of intelligence in the United States is on the rebound. You well witnessed for years that we were drawn down across the board, almost the shadow of what we once were a decade ago. That Congress that I spoke of has been very helpful in providing the funds and resources for the executive to do what it wants in trying to rebuild the intelligence community. And it is a very healthy situation that we see happening. This year is far better than the year before, and we hope next year will be better than that.

The mood across the country is also supportive. In fact, it was that mood that prompted Congress several years back to begin to worry about what was happening to our intelligence organizations. CIA alone last year received some 250,000 applicants for employment. The young people that we're bringing

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on board today are nothing short of fabulous. They're well qualified, highly skilled people, brilliant, and with a touch of patriotism; a patriotism not like Pearl Harbor in World War II, but a patriotism of people that want to do something for their country and feel that the intelligence organizations are a great way to do it.

I'm very upbeat about what I see happening in our intelligence programs. And I'm thrilled at the caliber and quality of people coming into it. The dedication is paramount. And usually when you get older, you look back and think, well, the new ones that come along don't quite have that commitment, or don't quite have that dedication. And let me assure you the dedication I see in our youth coming into our organization today is better than it's ever been.

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...telling you that as you do your job in the future, you're going to find a very strong intelligence organization in back of you, which will make your job that much easier.

The industrial security program, not so strange as it may seem, is really integral to CIA. The many systems, the technical collection platforms, and even the gadgets that we use in our agent operations are made in industry. And the security of those programs exist in those companies. And I think it is a marvel that we've been able to do so much for so long in a secure fashion. That's a tribute to you; it's a tribute to your work, and it's a tribute to your company. And as a consumer of your product, I just want to say thank you. Good luck.

[Applause.]

CHAIR: Thank you, Mr. Mc Mahon. ASIS is pleased to present you with this certificate in recognition of valued service to the society at this luncheon. It indeed was a fine presentation.

[Applause.]